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in order at least, to move, if nothing more, toward eliminating this greatest cause of war from the international arteries of trade.

My answer, then, to the question of American coöperation in the security of the industrial and financial situation in Europe is in the affirmative. I believe America owes it to herself and to the rest of the world to become a party to permanent plans looking to an economic rehabilitation of Europe. The fundamental motive, as I see it, that should prompt us in shaping a policy of that kind, arises out of the fact that the nations of the world are today linked together with one universal community of interest. Vital interests of our own nation are interwoven too closely with those of Europe to permit any permanent policy of aloofness in world commerce.

Coöperation of this kind would not

mean entangling relations. It would not mean a surrender of our own rights, or a denial of America's lofty ideals and aspirations. It would be responsive to the assertions of the other nations that in our position, as the leading industrial and commercial nation of the world, there rests upon us the sacred duty of rendering a service to the world and in a larger sense to humanity.

In this hour of stress the age-old question is again being asked by worn-out nations: "What good can come out of the American Nazareth?" My answer would be: Let America blaze the path of human progress; reëstablish and purify the one tie that binds together all of the peoples of the earth—international commerce and trade—by basing it on the rock foundation of good faith and justice, and giving it propulsion by practical machinery which will make it effective.

## The Interdependence of the United States and Europe

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AMERICA can coöperate in the rehabilitation of Europe actively or passively, whichever way she may elect. But she will have to choose one method or the other. Try as she may America cannot ignore Europe, even if she chooses a passive part. Such passivity, if attempted, would mean a tremendous struggle, far more difficult for our country to live through than our nation as a whole comprehends. It might easily result in a struggle for our very life as a people.

The active coöperation of America in the rehabilitation of Europe, on the contrary, would undoubtedly result in

such an acceleration in the recovery of world-trade, with all of its blessings to the people of every nation, that we soon might not realize that we were in any struggle at all. The only difference in effect between America's active or passive coöperation would be the element of time before world recovery—time which might mean generations, but which would, in reality, be time measured by human suffering.

If we believe that the prevention of human suffering should be undertaken by those who find themselves in position to do so, we must believe in the active coöperation of America with

Europe in the present crisis. Should we be of a mind to ignore human suffering, we may hold that American aid is not indispensable to European rehabilitation, for time will cure the trouble in the end no matter what we do. If we are selfishly inclined, however, we must bear in mind that if we do not exercise every means within our power to restore Europe to sanity, we shall not escape without misery and unhappiness in the United States.

War means killing, stealing and destruction. In the World War, with millions upon millions of individuals engaged in such pursuits, and many times as many millions wishing them success in such work, it was inevitable that the right to live, the right to property and the right to liberty consistent with the rights of others, should lose their values in the minds of the multitudes. Added to such degeneracy of mentality were the nervous strain of the war and the privations suffered by millions because of it, all together making for a reduced morale that can be overcome only by time. Recovery, too, is delayed because such a mental condition is fertile ground for the words of the false prophet, and the radical agitator has had a willing audience. As the minds of men recover their balance, such teachings will lose their force, except among the very ignorant.

#### THE DISTURBED MORALE

Of the warring nations, the United States suffered the least, and when we stop to realize how seriously the mental atmosphere in America has been affected, we can readily understand how much more difficult it is for the European nations to recover their mental balance. Probably the *Congressional Record* shows more clearly than any other source what mental chaos has existed in the United

States. Common sense seems to be playing a stronger and stronger part, however, and the mental atmosphere of the United States is gradually clearing. The influence of this development is certain to be felt in Europe, even though, unfortunately, its action is slowed up by statements, made for home-consumption, by politicians who ought to know better, that when quoted in foreign newspapers are very misleading as to America's attitude and understanding. If American politicians would be a little more careful of the feelings of foreign peoples, such care would go a long way toward helping to bring about a better international understanding.

Before America can actively help Europe we must be able clearly to separate causes from effects. The causes are only two: the destruction of morale, as shown in the world-wide dishonesty and selfishness, and the destruction of things physical. The effects are many, the most important being an unequal world-trade, followed by trade barriers and a disruption of the foreign exchanges, and a tremendous individual and governmental waste, followed by unbalanced governmental budgets and inflation.

The greatest difficulty in the way of the restoration of those things physical which were destroyed, lies in the state of the world morale. It takes credit for construction, and credit without honesty is impossible. We can probably understand more clearly Europe's need for us if it is first expressed in terms of our need for Europe.

Whether the economic rehabilitation of Europe is necessary to the people of the United States of America, is entirely dependent upon their attitude toward life. To such of our people as are content to live an animal life, a mere existence from birth to death, without thought or desire beyond

satisfying the physical craving of the moment, Europe is no necessity. The conveniences of living which particularly make for cleanliness of mind and body and opportunity for study and development, play no real part in the lives of such people. As long as America can keep them in common food and supply shelter for their mindless bodies, the rest of the world has no meaning to them, nor do they need it. But where can you find such people in America? Do they exist anywhere in the whole wide world? Is it conceivable that the offspring of any people without the divine life spark could rise above the clay of their forefathers or pass on to future generations that which they themselves never possessed? From out of the most stupid peoples of the earth, now and again, have come great minds which have caused waves of increased intelligence to spread over many nations. Unless the germ of the desire for knowledge and progress lay within such peoples, no prophets could have been born among them.

#### PROGRESS AND NATIONAL INTERCOURSE

In order that we may grow, ourselves, and increase our understanding of all those things which go to make for beauty and real happiness in the world, we must exchange our resources and the products of our constructive genius with those of the men of other nations; otherwise, we not only lose in comfort and efficiency ourselves, but we fail to understand perfectly the minds and art of other men. Although man seems to learn from the experiences of others very little that has to do with conduct in life, yet with all things scientific we make progress only as we build upon the past and the present. Man's span of life is not sufficient to enable him to make discoveries or inventions of moment without the

accumulated knowledge of generations, together with an understanding of the current discoveries of other men in his own line of work.

Since intercourse between nations has been accelerated through the inventions of modern times that have to do with transportation and communication, the development of science has moved forward in leaps and bounds and much is now understandable to the child that was hidden to the man even among our forefathers in America.

With all our progress in the United States we can still learn much from the older nations: integrity of trading, from one; art, from another; science, from a third, and something of many things from each. Our trade and intercourse with Europe must be kept up if each generation is to move forward in its development. While trade is apparently merely an exchange of surplus commodities between those who produce or control them for the primary purpose of making a living, yet actually it serves to make life worthwhile. Increase in the convenience of living is not necessarily of the nature of luxury, although it may partake of that, but its real good lies in the increase in efficiency of human effort which it induces and makes possible. The electric light is a convenience and undoubtedly a luxury, but its real value lies in its efficiency.

The same is true of the telephone, the steam engine, the automobile and all other labor-saving devices. Increase in the efficiency of men enables them to work better while they work, and gives them more time for mental development.

Since the War, due to increased plant capacity and better methods of production, the United States can produce far more of many things than its citizens can use or consume. If it would give work to its people and

produce such surplus it must be able to exchange it for the surplus of other peoples.

America needs Europe, which means that every American citizen needs Europe. We need Europe in order that we may grow mentally and physically through the exchange of ideas and the exchange of commodities. For the same reason, every country in the world requires Europe, and as the people of the United States are dependent upon other countries which in turn need the trade of Europe for their better development, it might be said that arbitrage of dependency takes its place before the arbitrage of trade and exchange.

The world needs the buying power of Europe created through the production of Europe. It can have such buying power only when Europe is again able to produce a surplus of things that the world requires. Before this is possible the scars of war must begin to heal, national hatreds must be dissipated, devastated regions must be rebuilt, faltering nations must be revived, false teachings must be corrected, wasteful habits must be curtailed, unsound financing must be stopped, and there must be economic and political peace.

A little detail may be helpful to a better understanding of these general statements.

#### INTERDEPENDENCE OF TRADE

Formerly, Russia used to purchase tea from China and India. Since the destruction of the buying power of Russia by the Bolsheviks, such purchases have been so curtailed that China and India have lost a part of their buying power. This has resulted in a smaller demand upon the cotton mills of England for the cotton manufactures that China and India ordinarily imported from Great Britain,

which, in turn, decreased the requirements of England for American cotton. This reduced the purchasing power of the cotton farmers of the South and seriously affected the domestic trade of the United States in every line where such farmers were wont to buy, a consequence which again lessened the purchasing power of such interests, etc. etc. The original circle was completed through importations from Russia by Great Britain, some direct and some through Germany. Another interesting chain affecting cotton was the purchase of glassware from Czechoslovakia by India, which sold jute to Great Britain to obtain the sterling exchange necessary to make payment to Czechoslovakia which, in turn, bought, with the proceeds, cotton in the British market that Great Britain had imported from the United States. Again, Germany bought furs from Russia which she paid for by exports of cotton cloth made from cotton bought in the United States with the proceeds of the sale of the Russian furs in this country. It would be possible to recite for hours similar instances, many covering four or five countries in different parts of the world. While it is not, of course, claimed that the direct proceeds of exchange received in each case were used exactly as stated, yet in principle they were, because exchange is drawn from what might be called pooled balances and the curtailment of trade unquestionably developed partly along these lines.

Often we hear the thought expressed that the United States should sell direct to every country in order to obtain the exchange necessary to pay for the things which it requires from each country. If it were possible to work out such a scheme, it would represent a tremendous waste to the world and would result in a greater cost to us of the things that we buy.

Such methods would represent a return to barter on a huge scale, with all of its needless friction and waste—methods that civilization discarded long ago, except when needed to meet emergencies. Different peoples are efficient in different ways: some, in the production of food or raw material; others, in the manufacture of special articles by hand, by machinery, or by combination, and others, in distribution and accounting or, in other words, transportation and trading. Such differences in efficiency are due to climate and natural resources of countries, and temperament and character of peoples. Raw materials of many kinds, which can be obtained only from certain countries, enter into the original manufacture of many things and they must be brought together along lines of least resistance which include efficiency of peoples in their manufacture and also ease of distribution to the points of manufacture and of demand.

Compatibility of nationalities also has a great deal to do with efficiency in trade. The only reason why the United States should try to do all of its trading direct would be that of selfishness, and yet from the very standpoint of selfishness we should not interfere with the arbitrage of trade where it exists along the lines of least resistance. It is because of this fact that, when governments, on account of wars or of so-called social reasons, step in and try to bring into the control of a few individuals the countless points of contact in trade that have been developed between millions of persons from their striving to make a living for themselves, ultimate disaster is sure to follow. The world is now passing through just such a period and a great part of the present trade difficulties are due to governmental intervention, because of the War, which took trade out of the hands of experts and put it

in the control of politicians. From the so-called social reasons for government's going out of its province to take over the business of its citizens, we have before us the spectacle of Russia, a country of vast resources utterly ruined and its people starving to death by the millions. Just how far these terrible lessons will go toward preventing their repetition depends upon what the world has learned from them—and that no man knows.

#### DEPENDENCE ON IMPORTS

What would the life of Americans be without imports from other nations. From imports our table is supplied with sugar, coffee, tea, cocoa, fruits, nuts, fish and many other things of almost daily consumption. Our bodies are clothed with woolens, linens, silks, laces, furs and many little conveniences made from rubber, vegetable ivory, hair and imported hides, tannin and other commodities. Our houses are supplied with furniture made from mahogany and other imported woods, with carpets, rugs, mattings, glassware, china, paintings, books and an innumerable number of small conveniences and works of art. Our means of communication and transportation for both business and pleasure depend upon importations that go into parts of our locomotives, automobiles, trucks, tractors, and telegraph and telephone systems. Rubber alone enters into our daily life from morning until night in many forms, such as tires for automobiles and trucks, hose for airbrakes, fire prevention and conveyance of liquids in manufacture, insulation for electric power and light, cable service, telephone and telegraph, rubber shoes, coats, gloves, surgical supplies, fountain pens, washers, parts in typewriters and a great many other articles in constant use. Our roads are paved with imported asphalt. Our string, rope, bags

and bagging used on farms and in our factories, shops and homes are made from imports of fibre and textile grasses and their manufactures, whose total import value constantly exceeds \$100,000,000 annually. Our imports include chemicals, drugs and dyes to the amount of nearly \$200,000,000 a year and tremendous values in tobacco, mineral and vegetable oils, copper, tin and asbestos, and, for our farmers, fertilizers and seeds. Every American, no matter what his position in life may be, is benefited by our imports for the length and breadth of his days. When Europe does not supply our imports directly or indirectly she buys them herself from the countries of their origin, thus forcing quantitative production, with its saving of waste, and, at the same time, increasing the purchasing power of other nations.

For all of these wonderful conveniences in living we pay with the products of our cotton and grain farms, our mines and our great manufacturies, and our people find employment and opportunity for happiness. Again, we may truthfully say that every American, no matter what his position in life may be, is benefited by our export trade in a very great way.

The rehabilitation of Europe, then, is necessary to America. Is America necessary to the rehabilitation of Europe?

In the first place, Europe needs America in order that her people may grow in efficiency, ability and intelligence, even as America needs Europe. But how can America aid Europe to take her proper part in trade with America again, a recovery which is the essential thing for both since it leads to all else that is of value in the intercourse between nations?

First, what does Europe require in order to secure her rehabilitation?

1. A better morale.
2. The elimination of class and national enmities and hatreds.
3. Such peace agreements among the nations as will bring about a reduction of armies and their cost of maintenance.
4. Broad commercial treaties between the European nations themselves.
5. A reduction in governmental waste and the balancing of budgets.
6. The stoppage of inflation through issuance of paper currency and continuing increases in governmental floating loans.
7. Settlement of the German reparations on a positive basis of payment that can and will be lived up to.
8. Settlement of the inter-allied indebtedness, as to what part, if any, shall be cancelled and how payment shall be made.
9. Elimination of the Russian menace.
10. A general return to sound business practice and increased production which in connection with satisfactory progress in the other requirements will serve to stabilize the exchanges, bring the countries of Europe back to a gold basis and reestablish the trade of the world.

Second, what can America do to aid in the rehabilitation of Europe?

1. Set a good example through the exercise of common sense and honesty:

(a) By continuing to reduce our own governmental waste with every force which can be brought to bear.

(b) By defeating the bonus raid on the United States Treasury and concentrating our expenditure for our soldiers toward the relief and rehabilitation of disabled veterans and the extension of opportunity for vocational training and land settlement.

(c) By considering contemplated legislation from the standpoint of the good of the country as a whole as opposed to the desires of classes or groups for special privileges.

(d) By confining the activities of government to the judicial regulation of those things necessary to protect the rights of all the people and not be led by false prophets into governmental operation of any kind whatsoever.

(e) By the greatest possible co-operation between capital and labor along lines aimed to increase production and decrease discontent.

(f) By exercising the full force of the law toward the curtailment of crime of every nature.

2. Recognize our responsibilities to other nations:

(a) By keeping our *Congressional Record* and public press free, insofar as it is possible, from statements unfair to other peoples.

(b) By negotiating commercial treaties of a reciprocal nature with other countries as rapidly as conditions allow.

(c) By the appointment of American representatives upon the Reparation Commission, so that we may be in position to do our legitimate part toward protecting the rights of all concerned.

(d) By positively refusing to recognize or even consider recognition of the Soviet Government of Russia until it represents the Russian people and is so reconstituted as to carry honesty of purpose and recognition of obligations and the rights of all men.

(1) While taking such position in regard to Russia with the utmost positiveness at the same time to show our desire and willingness to coöperate with Russia when it can be done without in any way stamping our approval on dishonesty and the abuse of every principle of right that has been recognized by men throughout the generations.

(e) By the cancellation, after obtaining proper agreements, of such part of the indebtedness of the Allies to the United States as was spent for guns, munitions, war material, food for soldiers, or for any other purpose which went directly into the maelstrom of war and so served to protect the lives of American boys. (It is estimated that such percentage would be anywhere from 60 per cent to 70 per cent.)

(1) Before agreeing to such cancella-

tion, to obtain from the representatives of foreign governments, on the basis of coöperation with them, agreements as to the balancing of their budgets, the curtailment of inflation and the elimination of governmental waste whenever justified.

(2) Require payment of the balance of the indebtedness of the Allies as it represents expenditure for civil or constructive purposes and so should be paid for the good of all nations, in order that the integrity of governmental obligations may be maintained.

(3) Arrange definite dates of payment and interest charges on such portion of the loans to the Allies as payment is to be required.

(f) By endeavoring to negotiate a banking loan to Germany which shall be prior to reparations at maturity if called upon by the Allies in their interest to do so on that basis.

(g) By encouraging American investments in high class European industrial undertakings, when sufficient progress towards stable conditions in Europe has been made to warrant our doing so.

As time goes on, new opportunities to play a very real part in the rehabilitation of Europe will develop and America must be ever ready to accept them. Even with the most intelligent coöperation on the part of America, the house of Europe cannot be made perfect in a day. It is necessary that we realize the depth of the wound of the world and that we be patient, broadminded and fair. Let us strive so to live in this great country of peace and plenty that our influence and our wealth may carry faith, hope and material aid to the peoples of every struggling land until their lives are once again filled with comfort and happiness.